



YANGZIJIANG SHIPBUILDING (HOLDINGS) LTD.
(Company Registration No. 200517636Z)
(Incorporated in the Republic of Singapore on 21 December 2005)

CLARIFICATION ANNOUNCEMENT IN RESPONSE TO QUERIES RAISED BY SGX

The Board of Directors (the “**Board**”) of Yangzijiang Shipbuilding (Holdings) Limited (the “**Company**”) wishes to provide the additional information in response to the following queries raised by the Singapore Exchange Securities Trading Limited relating to the Company’s financial statements for the financial year ended 31 December 2018 (“FY2018 Financial Statements”).

The Board sets out the queries and the corresponding responses below.

- a) With reference to the unaudited financial statements for the year ended 31 December 2018, please provide an explanation for

- (i) Increase in other investment at amortised costs (previously categorized as financial assets, held-to-maturity)

Investment in other investment at amortised costs (previously categorised as financial assets, held-to-maturity) had increased from RMB11.979 billion at the end of FY2017 to RMB14.811 billion at the end of FY2018. The movement consists of additional investment of RMB13.542 billion during the year, a total of RMB10.387 billion redemption over the financial period, and additional provision for impairment of RMB0.323 billion.

- (ii) Decrease in trade and other payables

Trade and other payables had decreased from RMB5.859 billion at the end of FY2017 to RMB4.708 billion at the end of FY2018. The movement was due to forfeiture of security guarantee deposits received from lessees and advances received from construction contracts, amounting to RMB207 million and RMB169 million respectively. The remaining movement was due to settlement of trade and other payables during the year.

- b) Please elaborate on the several disposals made during the period which resulted in a decrease in investment in financial assets, at fair value through profit or loss.

Investment in financial assets, at fair value through profit or loss (previously categorised as financial assets, available-for-sale) had decreased from RMB2.176 billion at the end of FY2017 to RMB1.251 billion at the end of FY2018. The decrease is mainly due to the disposal of unlisted preference shares of a listed corporation in 3Q2018, which was valued at RMB749 million as of 31 December 2017. The remaining was due to disposal and fair value movement of several other listed and unlisted equity securities in China over the year.

- c) It is disclosed on page 16 of the announced financial results that the Company had written off an amount of RMB 233 million of trade and other receivable.

In relation to the trade receivables for which impairment has been provided, please disclose:

- i. The Company’s plans to recover the trade receivables;

The provision was for advance payment to a supplier which ran into financial difficulties and had ceased operations.

The Company plans to recover part of the advance payment via legal proceeding against the supplier.

- ii. Whether they are major customer(s) and whether the Company continues to transact with these customer(s);

No.

iii. How long are the debts outstanding and when were the sales reported;

The balances are not related to trade receivable. This is advance payment to supplier.

iv. What were the actions taken to recover the trade receivables;

We had commenced legal proceedings against the supplier in mid of 2018 to recover the advances.

v. The reasons for the impairment on financial assets;

We have assessed the recoverability of the advance payment and foresee that it is unlikely as the supplier had ceased operations and there were several legal proceeding filed against the supplier by financial institutions. Therefore, a provision for impairment was made.

vi. The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade receivables; and

The Board had reviewed and concurred with the full provision for impairment made on the advances to supplier in view of the supplier facing financial difficulties and ceased their operation.

vii. The Board's assessment of the recoverability of the remaining trade receivables.

Reference is made to (i). The Company had made a thorough review of the remaining trade and other receivables (including advances to suppliers) after the discovery of this issue, and we have appointed a designated team to review the financial situation of our debtor and perform field investigation periodically to mitigate the risk of potential impairment. The board had also assessed the recoverability of the remaining trade and other receivables at the end of FY2018, and is satisfied with the recoverability of the remaining trade receivables and of the view that no further impairment is needed.

BY ORDER OF THE BOARD

Ren Yuanlin
Executive Chairman
6 March 2019